



UNIVERSITI PUTRA MALAYSIA

**CORPORATE PLANNING for
KUALA LUMPUR CITY SECURITIES SDN BHD**

Yong Wooi Kee

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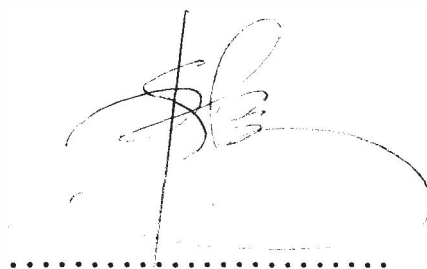
**MASTER OF BUSINESS ADMINISTRATION
MALAYSIAN GRADUATE SCHOOL OF MANAGEMENT
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Pengesahan Keaslian Laporan

Dengan ini saya, Yong Wooi Kee, No. Matrik 51398 mengakui bahawa kertas kerja untuk kursus MGT 5988 adalah hasil usaha asal saya sendiri.



.....
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CORPORATE PLANNING
for
KUALA LUMPUR CITY SECURITIES SDN BHD

By

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ABSTRACT

Kuala Lumpur City Securities Sdn Bhd (KLCS) had been using different strategies to achieve the desired profits since it commenced business in 1992. For the past 6 years many different plans had been used. Initially the company used trial and error method in order to achieve the desired profit, later Yearly Business Plans were being used by the company.

Under the Yearly Business Plan, a few different plans might be implemented during a year in order to achieve the planned profit. This was because plans were concentrated on certain areas based on seasonal situations. When the situations changed, the plans became ineffective and failed to achieve the desired profit. Then another plan was formulated within a short time and then implemented in order to achieve the desired profit within the remaining period. A lot of effort had been put in planning. However the planing was not comprehensive and was short-term.

In the 1997 financial crisis, there were several uncertainties in the whole business environment and the company was totally lost for direction. There were two-transactions done during that period and the transactions became overdue doubtful accounts now. The doubtful account was too huge and it may wipe out all the profits made earlier or even sink the whole company.

The shareholders came to know about the doubtful accounts and demanded the Board of Directors to submit a comprehensive long-term plan in order to for them to have a clear direction of the business within one month for the shareholders extra ordinary general meeting's approval.

Abstrak

Kuala Lumpur City Securities Sdn Bhd (KLCS) pernah menggunakan pelbagai strategi yang berlainan untuk mencapai keuntungan yang dihayati sejak mula berniaga pada tahun 1992. Untuk 6 tahun yang lepas, pelbagai rancangan pernah dipergunakan. Pada permulaan, syarikat menggunakan cara 'trail and error' untuk mencapai keuntungan yang dihayati, lepas itu, Plan Perniagaan Tahunan digunakan.

Semasa Plan Pernaigaan Tahunan, plan-plan yang berlainan mungkin dilaksanakan dalam setahun untuk mencapai keuntungan yang dirancang. Ini adalah disebabkan rancangan-rancangan hanya menumpukan kepada kawasan tertentu ? mengikut situasi semasa. Sekiranya situasi berubah, rancangan tersebut menjadi tidak berkesan dan gagal untuk mencapai keuntungan yang dihayati. Maka rancangan lain akan diformulakan dalam tempoh masa yang singkat and seterusnya dilaksanakan untuk mencapai keuntungan yang dihayati dalam tempoh tertinggal. Banyak usaha sudah digunakan untuk merancang. Tetapi rancangan tersebut tidak komprehensif dan hanya untuk tempoh singkat.

Semasa krisis kewangan tahun 1997, terdapat beberapa ketidakpastian di alam sekitar perniagaan dan syarikat sudah hilang halaan. Terdapat dua urusan terjadi pada tempoh tersebut dan urusan ini menyebabkan akaun ragu sekarang. Akaun ragu ini terlalu besar dan ia mungkin menghapuskan semua keuntungan yang tercapai atau akan memusnahkan seluruh syarikat.

Pemegang-pemegang saham mengetahui akaun ragu dan meminta Lembaga Pengarah untuk menyediakan suatu rancangan yang keseluruhan berjangka panjang supaya mereka dapat halaan perniagaan yang ketara. Rancangan keseluruhan atau 'corperate planning' ini akan tertakluk kepada kelulusan mesyuarat luar biasa pemegang-pemegang saham yang akan diadakan dalam tempoh sebulan.

<u>Contents</u>	<u>Page</u>
1.0 CRITICAL INCIDENT	2
PART ONE : COMPANY BACKGROUND	
2.0 COMPANY BACKGROUND	3
2.1 FORMATION	3
2.2 SHARE CAPITAL	5
2.3 OWNERSHIP	6
2.4 BOARD OF DIRECTORS	8
2.5 SUBSIDIARIES AND SISTER COMPANY	9
2.6 COMPANY'S DIRECTION	11
2.6a VISION	11
2.6b MISSION	12
2.6c OBJECTIVES	13
2.7 COMPANY OPERATION	13
2.7a FINANCE	13
2.7b MARKETING	16
2.7c OPERATION	17
2.7d MANAGEMENT	18
3.0 ENVIRONMENTAL INFLUENCE	20
3.1 GENERAL ENVIRONMENT	20
3.1a POLITICS	20
3.1b ECONOMY	23
3.1c CAPITAL CONTROL & CAPITAL FLOW	28
3.1d INTEREST RATE & MARKET LIQUIDITY	33
3.1e SOCIAL-CULTURAL & TECHNOLOGY	38
3.2 INDUSTRY INFLUENCE	40
3.2a CUSTOMERS	41
3.2b REGULATORS	42
3.2c COMPETITORS & SUBSTITUTES	46
PART TWO : ANALYSIS	
4.0 ANALYSIS	49
4.1 SUMMARY OF ISSUES	49
4.2 STRATEGIC SOLUTION	50
4.3 INTERNAL ENVIRONMENT ANALYSIS	50
4.4 EXTERNAL ENVIRONMENT ANALYSIS	56
4.5 SWOT ANALYSIS	61
4.6 SPACE	64
4.7 RECOMMENDATION	66
5.0 APPENDICES	68
6.0 REFERENCES	77

1.0 CRITICAL INCIDENT

After Mr Mohd Ali taken over the position of Chief Executive Officer (CEO) for about one-year, the company had incurred unprecedented high doubtful account that was overdue. The shareholders were very unhappy with the company's performance and the shareholders were in doubt of the viability of the company's business.

The shareholders were not convinced by the explanation given for the high doubtful account by the CEO despite many examples and comparisons were quoted by the CEO. The shareholders had demanded the CEO to present a long-term comprehensive strategy plan of the company within one month in order for them to decide the fate of the company as well as the fate of CEO.

PART ONE : COMPANY BACKGROUND

2.0 COMPANY BACKGROUND

2.1 Formation

Kuala Lumpur City Securities Sdn Bhd (KLCS) was incorporated under the Companies Act 1965 of Malaysia as a private limited company on 18th September 1984. The initial paid-up capital was \$2.00 and the company was a “shelf company” or dormant since incorporation until end of 1991.

The company was activated at the end of 1991 when **Assedina Sdn Bhd** (Assedina) acquired the entire paid-up of \$2.00 with a plan of venturing into share brokering business by using KLCS. In order to qualify as stock broker and to meet the **Kuala Lumpur Stock Exchange (KLSE)**’s member capital requirement, KLCS had undergone some capital injection exercises at the end of 1991 and early 1992.

On 30th April 1992, KLCS was successfully admitted as a “Member Company” of the KLSE in place of Razak & Ramli. The “member company” status entitled KLCS to trade in the exchange and KLCS commenced trading operations on the same day. The principal activities were to deal in securities and to act as stocks and shares broker for and on behalf of clients.

KLCS started its business activities at the golden triangle in Kuala Lumpur, i.e. at Lot 3.07 - 3.12, Level Three, Bangunan Angkasa Raya, Jalan Ampang, 50450 Kuala Lumpur. KLCS had only one operation office as branch operation was strictly prohibited by law.

KLCS started business with a simple set up and with less than 10 remisiers. As a new player in the competitive market. In stead of starting everything fresh, KLCS had a strategy of recruiting academically well qualified professional personnel with relevant working experience from the same industry. The general manager was a Certified Public Accountant worked as the General Manager with Arab-Malaysian Securities Sdn Bhd for 4 years before joining KLCS. The Operations manager, worked as Operations Manager in Seagroatt & Campbell Securities Sdn Bhd for 5 years. The accountant was recruited from Mohayani Securities Sdn Bhd. This group of senior personnel also brought along some experienced junior staff from their respective companies. All the 10 remisiers recruited possessed a set of well-established clients, they joined KLCS together with their loyal clients. Even KLCS was a brand new company but it was managed by a team of academically well-qualified and experienced professional personnel since commencement of business.

KLCS started at the timing where the bull was about to start running; Riding on the superbull run in 1993. KLCS had developed from a new company that had 4 sections to a company with 7 departments in the securities industry within few years. By the end of 1996, KLCS had 7 departments, namely Research, Administration and Human Resources, Margin, Credit Control, EDP, Operations, Remisier and Company dealer. The total work force excluding remisiers was 120 and the numbers of remisier had increased from 10 to 120. The above statistic shown that KLCS had achieved higher growth than the industry for the first 4 years of operation.

By the end of 1998, KLCS rendered underwriting services to various corporations seeking to raise capital in the equity market and to facilitate the trade of shares in the secondary market. The focus of the brokerage activities were dual, covering local institution and aided by a retail client base.

2.2 Share Capital

With subscription capital of \$2.00, represented by 2 ordinary share of \$1 each on 18th September 1984, KLCS remained dormant until it was taken over by Assedina at end of 1991. On 30th December 1991, Assedina injected \$6,999,998 cash into KLCS making the total capital of \$7,000,000.00. This capital entitled KLCS to submit its membership application to KLSE.

While waiting for a reply from KLSE on the membership application, Assedina injected \$8,000,000.00 and \$15,000,000.00 of cash into KLCS within 3 days i.e. on 26th February 1992 and 28th February 1992 respectively, making the total paid-up capital of \$15,000,000.00 and \$30,000,000.00 on 26th February 1992 and 28th February 1992 respectively. The paid-up capital met the KLSE's trading member requirement and KLCS managed to take over the membership from Razak & Ramli on 30th April 1992.

The share capital was further increased by \$10,000,000.00 to \$40,000,000.00 on 19th February 1994 in order to meet the prevailing business condition.

Details of the changes in the issued and paid-up share capital of the KLCS since its incorporation were as follows :-

<u>Date</u>	<u>New Share Issued</u>	<u>Consideration</u>	<u>Issued & Paid-up Capital at \$1 each</u>
18-9-84	2	Subscribers' shares	\$2.00
30-12-91	6,999,998	Cash	\$7,000,000.00
26-2-92	8,000,000	Cash	\$15,000,000.00
28-2-92	15,000,000	Cash	\$30,000,000.00
19-2-94	10,000,000	Cash	\$40,000,000.00

By the end of 1998, the authorized, issued and paid-up capital of KLCS was \$40,000,000 comprising 40,000,000 ordinary shares of \$1.00 each. There isn't any preference share or bond issued so far.

2.3 Ownership

KLCS was wholly own by Assedina, a private limited company incorporated under the Companies Act 1965 of Malaysia on 10th June 1991. Assedina bought over the entire paid-up capital of KLCS shortly after its incorporation. The objective of buying the entire KLCS was to venture into share brokering business.

The share capital changes of Assedina were almost the same as KLCS because KLCS was the only investment of Assedina and Assedina was a "shelf holding company" that did not have any direct business activity. Since Assedina's incorporation until presently, Assedina had no employees. The administrative function of Assedina was carried out by KLCS.

Details of the changes in the issued and paid-up share capital of Assendina since incorporation were as follows :-

<u>Date</u>	<u>Share</u>	<u>Consideration</u>	<u>Issued & Paid-up capital</u>
10-6-91	2	Subscribers' share	\$2
30-12-91	6,999,998	Cash	\$7,000,000
26-2-92	8,000,000	Cash	\$15,000,000
28-2-92	15,000,000	Cash	\$30,000,000
19-2-94	10,000,000	Cash	\$40,000,000

By the end of 1998, the authorised, issued and paid-up share capital of Assedina was \$40,000,000 comprising 40,000,000 ordinary shares of \$1.00 each.

Assedina was wholly owned by a reputable and influential Malay entrepreneur. He informed the press that he intentionally put KLCS under Assedina for corporate restructuring exercise purpose. On 18th August 1993, a restructuring exercise involving the acquisitions of the entire issued and paid up capitals of Assedina by UCM Industrial Corporation Berhad (UCM), a public company listed in the Second Board of KLSE, took place.

The corporate restructuring exercise included the acquisition of the entire issued and paid-up share capital of Assedina comprising 30,000,000 ordinary shares of \$1.00 each from the vendors of Assedina for a purchase consideration of \$90,000,000. A profit of \$60,000,000.00 or 150% of capital invested for the shareholders of Assedina within 26-month.

The exercise was subjected to the approval of many relevant authorities including the Ministry of Finance (MOF), Foreign Investment Committee (FIC), Ministry of International Trade and Industry (MITI) and Security Commission (SC). The restructuring exercise was approved by MOF, FIC, MITI and SC on 17-11-93, 27-11-93, 9-12-93 and 21-12-93 respectively. In another corporate exercise in October 1997, UCM became Kuala Lumpur City Corporation Berhad (KLCC), and listed in the Finance Sector of second Board.

As at the end of 1998, KLCS was wholly own by Assedina and Assedina was wholly owned by KLCC, so KLCS was indirectly wholly owned by KLCC.

2.4 Board of Directors

There were three members on the **Board of Directors (BOD)** of KLCS, the members were

Major General (Retired) Dato' Osman B Mohd Zain	Chairman
Mr Mohd B Ali	Chief Executive Officer
Ms Lutfiah Bt Ismail	Executive Director

Background of the directors were as follows :-

Major General (Retired) Dato' Osman Bin Mohd Zain, aged 64, was appointed to the Board on 7th March 1994. In January 1954, he joined the Malaysian Army as a Cadet Officer. He graduated from the Royal Military Academy Sandhurst in 1956 and rose through the ranks to become a Major General, the second highest post in the army, until his retirement in 1988. He attended the Indian National Defense College in 1980 and in the same year obtained Masters Degree in Military Science from the Allahabad University in India. Soon after his retirement he started his own company, DOZ Construction Sdn Bhd, He was a Director of Jasa Kita Berhad and was also Director of other private limited companies.

Mr Mohd Ali, aged 40, was appointed as **Chief Executive Officer (CEO)** on 15th June 1996. He held a Bachelor of Economics (Honours) degree from University of Malaya. He pursued his Master of Science (Finance) at the University of Strathclyde, United Kingdom. He had vast exposure in the investment and securities industry and had presented papers at seminars and conferences. He was the General Manager of MayBan Securities Sdn Bhd from 1991 to 1995 prior to joining KLCS. He was also a director of KLCC, Kuala Lumpur City Nominees (Tempatan) Sdn Bhd and Kuala Lumpur City Nominees (Asing) Sdn Bhd. He represented the ultimate owner to finalise the deal of

taking over Hock Hua Bank (Sabah) Sdn Bhd in July 1997. He joined the overseas trade mission leaded by the Prime Minter often.

Ms Lutfiah Binti Ismail, aged 45, was appointed to the Board on 1st March 1994. She held Bachelor of Law (Honours) degree from University of Malaya. She was admitted and enrolled as an Advocate and Solicitor of the High Court in 1982. She started her career as an Administrative Officer at the Inspection Department of Bank Negara Malaysia and subsequently served as a Legal Officer of the Majlis Perbandaran Seremban. She joined Arab-Malaysian Merchant Bank Berhad in 1983 and Arab-Malaysian Finance Berhad in 1985 where she served in the respective Legal Departments. Her last positions in Arab-Malaysian was Legal Manager and Corporate Banking Manager (Collection) until her resignation in early 1994.

All the three directors were academic qualified Malays and had business experience. Other than the chairman, both Mr Mohd and Ms Lutfiah were executive directors. The BOD were dominated by Malays with strong Malay value, the Malays value and culture were part of the company value and culture.

2.5 Subsidiaries and Sister Company

KLCS had 3 wholly owned subsidiaries, namely Kuala Lumpur City Nominees (Tempatan) Sdn Bhd (KLCNT), Kuala Lumpur City Nominees (Asing) Sdn Bhd (KLCNA) and Kuala Lumpur Asset Management Sdn Bhd (KLAM), and a sister company namely, KLCS Futures Sdn Bhd (KLF).

KLCNT was incorporated on 3rd March 1993 with subscription capital of \$2.00 represented by 2 ordinary share at \$1.00 each. The principal activities of KLCNT were

to provide share registration and custodian nominee services of securities for Malaysian. The establishment of KLCNT was to provide supportive service to the main business of KLCS as many local investors used nominees instead of exposed themselves on the shareholders list.

KLCNA was incorporated on 5th May 1993 with subscription capital of \$2.00 represented by 2 ordinary share at \$1.00 each. The principal activities of KLCNA were the exactly the same with KLCNT except that KLCNA was cater for foreigners. The business volume of KLCNA was higher than KLCNT as there were more foreign investors used nominees more than local.

KLAM was incorporated on 13th December 1998 with subscription capital of \$2.00 represented by 2 ordinary share at \$1.00 each. The principal activities of KLAM were the provision of portfolio investment service for clients and share investment advisory service. The establishment of KLAM was to support to the main business of KLCS. KLAM commenced operation for less than half-a-year and did not much business activity yet.

KLF was incorporated on 21st June 1995 with authorised capital of \$10,000,000.00 and paid-up capital of \$5,000,000.00. KLF was a wholly owned subsidiary of Assedina (sole owner of KLCS). On 24th January 1996, KLF was licensed by SC as futures broker and obtained membership of the Malaysian Derivatives Clearing House as a clearing member for the clearing of its trades. It was also approved by Kuala Lumpur Option & Financial Futures Exchange (KLOFFE) as a trading member. The principle activities of KLF were to buy and sell future contracts for and on behalf of clients. Other than the ownership, KLF was managed by the same BOD of KLCS.

2.6 Company's direction

The company's direction can be divided into vision, mission and objective as follows :-

2.6a Vision

The company's vision was "To be a financial supermarket in the future". The vision was initiated by the present CEO, Mr Mohd Ali. Prior to Mr Mohd there was no vision. Mr Mohd Ali was told by the senior managers that it was due to the short history of the company and the senior personnel were from different companies with different backgrounds. When Mr Mohd first took over the CEO post, he found that the company lacked a long-term vision, he then worked with the BOD, the middle and lower management for a long-term vision. The official vision was formalised in January 1997.

Financial supermarket was a form of integrated concept, where all consumers' goods were available at a supermarket for the consumer's convenience, and all financial products or services can be offered by a company or group for the clients' convenience. The financial services included buying and selling of share (by a share broker like KLCS), share registrations, transfers and custodian under nominees (by a nominees company like KLCNA or KLCNT), hedging or insurance to protect the stock portfolio (by using future contract company likes KLF), banking service of deposit, current account and so on (by a commercial bank like IBKL), insurance service and so on.

KLCS had begun the journey towards fulfilling that vision with the established of KLCNA, KLCNT and KLAM. The future contract was backed by a sister company KLF. KLCS also getting ready for NASDAQ, the proposed third board for technology inclined companies and so on. KLCS was position to capitalise on the increasing sophisticated financial markets.

The ultimate owner also bought over a local bank, Hock Hua Bank (Sabah) Sdn Bhd in July 1997. The ultimate owner was represented by the current CEO, Mr Mohd B Ali for the deal. Hock Hua Bank (Sabah) Sdn Bhd changed its name to International Bank of Kuala Lumpur (IBKL) shortly after the taking over. Currently, both KLCS and IBKL operate differently and independently but it was likely that future corporate restructuring exercise will 'merge' them together just like putting KLCS under KLCC.

2.6b Mission

The mission of KLCS was “ **Your Success Is Our Success..... Together We Grow** ”.

Although the mission did not indicate directly the company's core business but the mission can be related all parties, including clients, employees, shareholders and others.

The company was a share broker, in share brokering business only clients success than will the broker success, the successful clients together with the company will grow and it will be continuous growing for long term mutual beneficial business relationship. This showed that the company was clients oriented, even though it was not specifically mentioned.

To the employees of the company, the mission meant the employees' success was the company's success, the employees together with the company will grow, so even the mission did not specifically mention the employees' welfare but it had given a clear direction.

The mission can be applicable to almost everything with the same principle, including shareholders, quality associated with the company, social responsibility, environment and

so on, because the mission statement reflected the company reasonable way of doing business, always think of mutual benefit. This also reflected the company ultimate owner's value as Malay's value and culture emphasis strongly on caring and understanding.

2.6c Objectives

The company's objectives were to maximise return to the shareholders in term of EPS as well as the net market value of share; To increase market share in the securities industry and to establish good reputation in the industry.

2.7 COMPANY OPERATION

The operation of KLCS can be divided into four sections, namely Finance, Marketing, Operation and Management, i.e. the FMOM as follows :

2.7a Finance

The company had been recording profit since its commenced business in 1993 until the latest financial year ended in December 1997. The profitability in term of net profit before tax over turnover for the past 5 years was as follows :-

	<u>FY '93</u>	<u>FY '94</u>	<u>FY '95</u>	<u>FY '96</u>	<u>FY'97</u>
Profitability	19.8%	16.1%	18.2%	21.6%	15.0%

The average profit for the past 5 Financial Years (FYs) ending 31st December was 18.1% and it was within the expected range of the shareholders.

The *Earning Per Share* (EPS) for ordinary share the past 5 years were as follows :-

	<u>FY '93</u>	<u>FY '94</u>	<u>FY '95</u>	<u>FY '96</u>	<u>FY'97</u>
EPS	\$0 25	\$0 19	\$0 21	\$0 22	\$0 20

The average EPS for the past 5 FYs was \$0.21 for ordinary share at par value of \$1.00, this was equivalent to 21%. It was within the expected range of shareholders.

The *cash flow per share* for the past 5 FYs were as follows :-

	<u>FY '93</u>	<u>FY '94</u>	<u>FY '95</u>	<u>FY '96</u>	<u>FY'97</u>
Cash flow/share	\$0 31	\$0 33	\$0 43	\$0 28	\$0 21

For the past 5 FYs, the company cash flow per share was within the range of \$0.21 to \$0.43, the highest was on FY'95 and the lowest was on FY'97.

The *current ratio* or ratio of current asset over current liability for the past 5 FYs were as follows :-

	<u>FY '93</u>	<u>FY '94</u>	<u>FY '95</u>	<u>FY '96</u>	<u>FY'97</u>
Current ratio	1 6	1 8	1 8	2 1	2 1

The current ratio for the past 5 FYs had been increasing gradually from 1.6 in FY'93 to 2.1 in FY'96 and FY'97.

The company Net Tangible Asset (NTA) per share the past 5 FYs were as follows :-

	<u>FY '93</u>	<u>FY '94</u>	<u>FY '95</u>	<u>FY '96</u>	<u>FY'97</u>
NTA per share	\$1 45	\$1 51	\$1 58	\$1 63	\$1 85

The company's NTA had been increasing gradually from \$1.45 in FY 1993 to \$1.85 in FY 1997, an \$0.40 increase within 5-year, the increase was after the deduction of tangible asset such as goodwill and dividends paid.

Other than the Financial Highlights as per **Appendix B**, KLCS latest auditor's report also highlights the following :-

Extract of Auditors Report by KPMG PEAT MARWICK on 18th May 1998

As explained in Note 24 (b) (i), the company undertook to discharge its obligation that may rose the exercise of a put option agreement by a financial institution wherein the company was required to purchase the share quoted on the KLSE amounting to \$198,762,000.00. Consequently, the company excised its put option against a public listed company to purchase the said share for the same cost. The stipulated completion dates for both options had expired and the public listed company had yet to honour its value of the quoted share at the option date was \$58,875,000

A second put option noted in Note 24 (b) (ii) was entered by the same with a financial institution which require the company to acquire share quoted on KLSE and landed properties amounting to \$63,000,000. There was also a corresponding put option agreement entered with a public listed company which require the put option on the company on 24th April 1998 The market value of the quoted shares at the exercise date of the option was \$5,700,000.00

The financial highlight had not taken the above into consideration which may or may not alter the result for FY'97, but the auditor's report will not effect result prior to FY'97 as the above events took places in 1997.

2.7b Marketing

The marketing of KLCS was more on the business mix, in term of mixture of retail and institutional clients, mixture of individual remisiers and company dealers, the quantity and quality of remisiers and pricing.

In term of business segment mixture, 60% of KLCS brokering business was from retail clients and only 40% from institutional clients, this was because the company found that retail clients were more profitable than institution clients.

By the end of 1998, more than 70% of KLCS business was from individual remisiers and less than 30% was from company dealers. The percentage of individual remisiers was raising for the past few years, this was because more emphasis had been given to remisier segment as it had been proven more profitable to the company.

By the end of 1998, there were 130 licensed remisiers with KLCS, about 100 were active and 30 were dormant. The numbers of remisiers had not been increasing significantly lately, in fact only a few new remisiers were recruited, most of the newly recruited remisiers were joining the industry fresh and only handful were recruited from the restricted brokers (restricted brokers were the brokers that were restricted by KLSE from buying or even selling because of liquidity problem). The company hardly provide any training to the remisiers, all remisiers were stand on their own feet without any assistance from the company.

Based on the SC ruling, a remisier must obtain a license issued by SC before trading. SC issues remisier license in accordance with racial quota. Even there were room for expansion, KLCS had been able to increase the total numbers of remisier because bumiputra quota.

Remisiers' quality in term of clientele and knowledge vary. Some remisiers had board based clients, some had very limited clients; Board based range from 100 to 500 clients per remisier and some remisiers were having less than 5 clients only.

Pricing was the strategy being used by KLCS. Under the KLSE's ruling all brokerage charges were standardised, however brokers had the option to charge contra fee to clients if the clients sell the share purchased within the payment settlement period of 5 trading days. Brokers also allow to charges their clients a service or administration fee if brokers force sell the share when clients did not made payment within the stipulated period.

By the end of 1998, almost all brokers were charging their clients contra and force selling fees except KLCS, so this was a net price discount to the clients of KLCS as all other things being equal. Some clients did appreciate the net discount by KLCS, but the company was not sure whether there were more new business generate to cover the income forgone.

2.7c Operation

The trading operation had been fully computerised for many years, currently a remisier was having a computer terminal that link to the WINSCORE system of KLSE through servers in KLCS, all transactions were on-line and instantly done. In addition to the linking to KLSE, some reports and statements also automatically generated in KLCS and some reports were generated semi-manually.

In view of the semi-manual reports, longer time was required to produce the report, there was no problem during normal and off-peak time, however when ever the market was hot, they will be problems in generating report on time even though staff were working

for extra hours. According to the personnel department, EDP department had the highest staff turnover rate.

The operational staff handled clients well during normal or off-peak times, there were even abundant of staff during off-peak time. However, whenever market was hot, staff were also getting hot; When clients flooded the office until operation staff were not able to handle them probably, it was common to have dispute and other misunderstanding between clients and operational staff when the market was hot.

In addition to handle clients, operational staff were also required to handle the relevant authorities, such as the KLSE, SC and BNM. The authorities amended rules and regulations from time to time and required different type of reports to be submitted to them with short notice. The operational personnel had to give strong emphasis in fulfilling these requests as these were mandatory to comply with, in many occasions they had to work during odd hours in order to meet the new requirements.

2.7d Management

Two of the three directors in the BOD of KLCS were full time executive directors, these directors were not only full time but always work for extra time, they were not only working during office hours but also very frequently after office hours. For example, trading started at 9.00 am, at least one director will be on duty on 8.00am, trading ceased at 5.00 and at least one director will be on duty until 6.00pm. All executive directors were academically well qualified and with relevant working experience.

The top management made it a rule that all decision must support the company's vision of "To Be A Financial Supermarket In The Future" and all company policies and decisions must in line with the company's vision.